Municipal Development Plan Review

Economic Development in the City of Halifax

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Number 2

City of Halifax

Planning Department

ECONOMIC DEVELOPMENT IN THE CITY OF HALIFAX 1971 THROUGH 1981, AND THE FUTURE

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ACKNOWLEDGEMENT

This report is the second discussion paper on the subject of economic development prepared for the review of the Municipal Development Plan of the City of Halifax.

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SUMMARY

- This report examines trends in the development of the City of Halifax over the past decade using employment data from Statistics Canada, and Building Permit statistics from Statistics Canada and special compilations by the City of Halifax Planning Department.

- The previous report on The Regional Context illustrated the recent tendency of population and economic activity to decentralize within the region. Building permit values for local municipalities confirm this fact. Residential development in the 1971 through 1981 period was greatest in Halifax County, while Dartmouth attracted the most industrial construction. Halifax, however, had more development than the other two municipalities combined in the commercial, and institutional and government categories.

- In the period 1951 to 1981, Halifax has become less specialized in the traditionally important sectors of Public Administration and Defence, and Trade. The City economy has generally become more diversified during this period.

- Within the City of Halifax, the bulk of development in all categories occurred on the Peninsula in the 1971 through 1981 period.

- Retail development took place largely in the CBD and the Simpson's-Eaton's area, while office development was heavily concentrated in the CBD and areas adjacent to the CBD.

- Industrial construction in the City lagged far behind development in other sectors. Development that did occur was concentrated in Fairview Cove and the Kempt Road area.

- Institutional and government development was spread more evenly than other sectors. The leading areas in this category were areas of the South End where universities and hospitals are located and areas in the northern half of the Peninsula where there are large DND facilities.

- About two-thirds of building permit value was construction classified as new and two-thirds of all construction was undertaken by private sector developers as opposed to the public sector.

- In face of the tendency to decentralization of growth within the region, the future development of Halifax is less certain. The City will have to compete for new development. It is fortunate, however, to have many assets to attract new economic growth.

INTRODUCTION: ECONOMIC DEVELOPMENT IN THE CITY OF HALIFAX

The recent growth and development of the City of Halifax economy is a primary indicator of the problems and opportunities faced by the City. In order to plan effectively for future growth, it is necessary to establish the strengths and weaknesses of the local economy: to build on economic sectors in which growth has been healthy and, where appropriate, encourage sectors that have lately performed poorly. This report examines the trends of the past decade in terms of both the quantity of development and its location.

The previous report prepared for the Economic Sub-Committee, The Regional Context of the City of Halifax Economy, defined the scope of concerns facing the City[1]. While the growth of business and commerce in Halifax has been steady, it has lagged behind other municipalities of the region. Population and economic activity have migrated outwards to Dartmouth and Halifax County with damaging effects on the City of Halifax. Manufacturing; construction, especially residential construction; transportation, communications, and utilities; and trade in Halifax have been particularly affected.

Nevertheless, Halifax has a strong base on which to build and the future holds many new opportunities - from off-shore resources, to rising new industries, to the possibilities offered by annexation. It is necessary to determine which areas offer the greatest potential for the City on the basis of past trends and future expectations.

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1 City of Halifax Planning Department, The Regional Context of the City of Halifax Economy, Municipal Development Plan Review Discussion Paper 1, April, 1983.

DATABASE: DATA SOURCES AND REPRESENTATIVENESS

This report relies heavily on two data sources: employment data and building permit information. Employment data are collected by Statistics Canada for every decennial census. The data used in this report are for 1971 and 1981. Building permit data for the City of Halifax were compiled by the Planning Department from records kept by the City Building Inspection Division. Comparisons with other municipalities are based on Statistics Canada building permit statistics, which are reported by Building Inspection Departments across Canada.

The use of employment figures to monitor economic growth is commonplace; however, they are not an ideal measure. Because employment information is collected only at ten year intervals, and interim figures are estimates, it is a deceptive indicator of development trends. Without sound interim data the cycle of economic activity during a decade is disguised. As well, technological changes that improve economic performance but reduce manpower requirements are reported in a contrary manner; that is, the acquisition of new labour-saving machinery or facilities will reduce employment figures even though such changes usually represent economic growth.

Building permit data are a more direct measure of development and because the data are reported annually it is possible to develop a picture of development trends over the course of a decade. By using construction price indexes for Atlantic Canada the effects of inflation over this period can be eliminated (Appendix, Table I). Building permits record major acquisitions of business investments in construction and, therefore, are a more straightforward indicator of growth than employment data. Furthermore, building permit data are concerned with aspects of economic growth that the municipality has a real capability to influence through the Municipal Development Plan and Zoning Bylaw.

Building permit information is, however, not without shortcomings. First, building permits are issued to developers who intend to undertake construction work. For a variety of reasons permits are not always followed through. Permits that do not result in starts are, however, a small proportion of total permits issued.[2] Second, the values recorded are also estimates of construction value and, taken individually, do not always reflect the true value of a development. These variations should, however, balance out when permits are aggregated. Third, building permit data are not broken down into as fine categories as employment statistics, which are classified under nearly 300 Standard Industrial Classification (SIC) headings by Statistics Canada.[3] Building permits can nevertheless be categorized according to land use and, in fact, it is possible to create classifications that more closely correspond to MDP policy categories than SIC codes, as has been done in this report. Finally, without substantial further research, no base figure for total building value is available to which building permit figures can be added. As a result the value of added construction cannot be presented using conventional percentage growth measures. Other methods of presenting data, which are used in this report, are fortunately available.

Building permit values reflect the estimated cost of buildings. They do not include expenditures such as site preparation and purchase of mechanical equipment not integral to a building that are a sometimes important factor in projects. Consequently, readers will find that building permit figures cited for some major developments in this report are considerably less than publicized estimates.

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2 For example, the City of Halifax has refunded permits issued in 1981 for construction valued at $3,995,657 or 6.4 percent of 1981 total building permit value.

3 Canada Dominion Bureau of Statistics, Standard Industrial Classification 1980, Ottawa: Minister of Supply and Services Canada, December, 1980, pp. 29-47.

HALIFAX AND THE REGION: A REVIEW OF THE REGIONAL CONTEXT, 1971 THROUGH 1981

The report, The Regional Context of the City of Halifax Economy, covered in detail the current relationship of Halifax to its surrounding region (the City of Dartmouth, the Town of Bedford, and the Municipality of the County of Halifax). The primary point made in that report is that population and economic activity decentralized within the region during the past decade. Particularly notable in this respect is the movement of population to new Nova Scotia Housing Commission developments in Sackville and Cole Harbour, and the shift of industrial and warehouse activity to Burnside Industrial Park in Dartmouth.

These trends are suggested in Table 1, which shows the value of building permits issued in the 1971 through 1981 period by local municipalities according to land use. The City lagged considerably behind the County in residential development and behind both the County and Dartmouth in industrial additions. In the commercial, and institutional and government categories, however, Halifax was a clear leader. Although the County had the largest proportion of residential construction, the City had as much non-residential construction as the other two municipalities combined (51.3 percent of the non-residential total). The most active period for development throughout the region was the early seventies. As Figure 1 shows, the growth of Halifax and Dartmouth was especially strong prior to 1976, and declined abruptly thereafter. Halifax County, on the other hand, grew most between 1974 and 1979, before it too began to slow down.

The building slump of the late seventies appears to have bottomed out in 1980. As Figure 1 shows, building activity resurged in all local municipalities in 1981. City of Halifax building permit value for 1982 was greater than for 1981 indicating this turn-around has

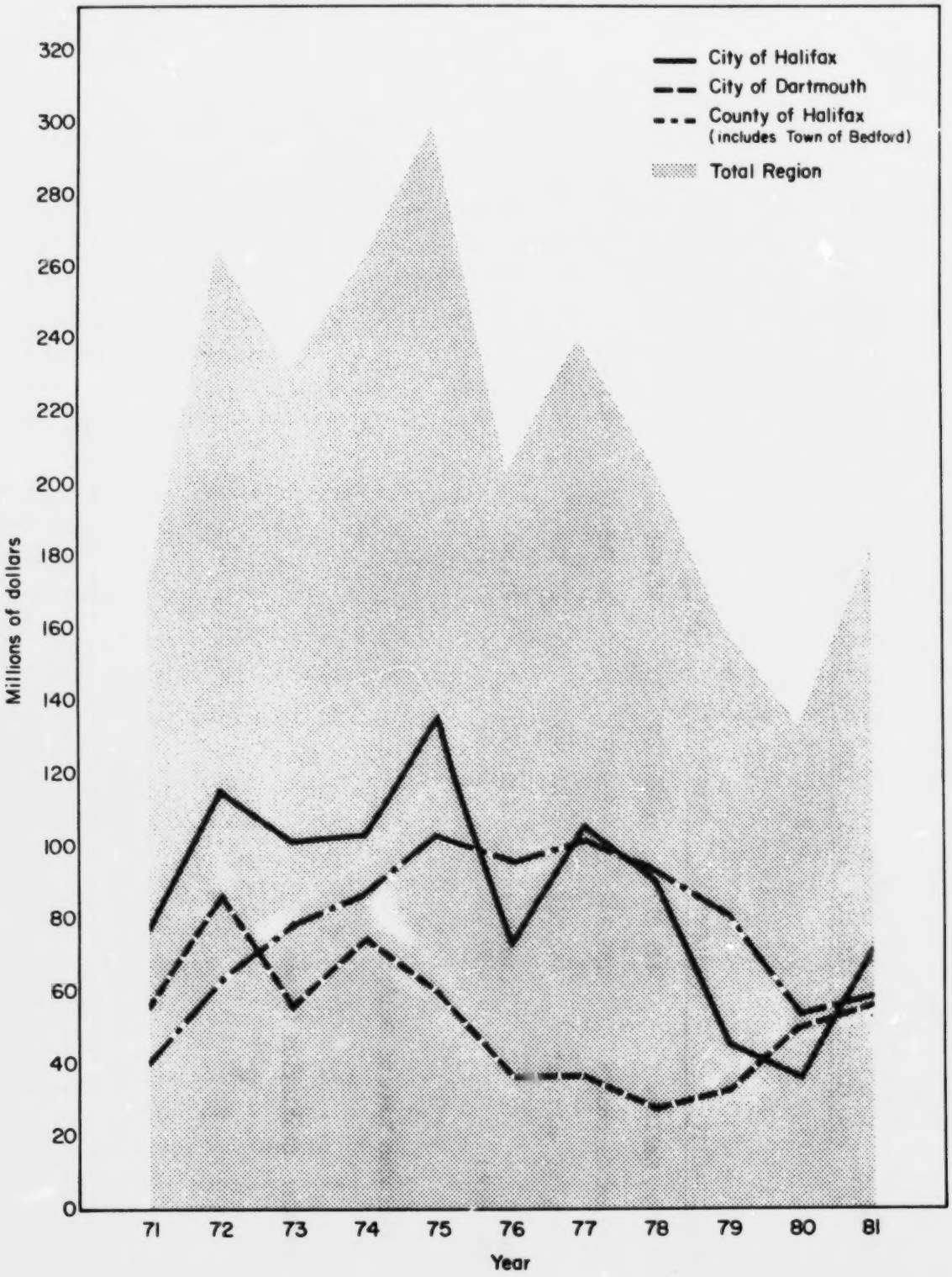
TABLE 1: VALUE OF BUILDING PERMITS ISSUED BY CITY OF HALIFAX, CITY OF DARTMOUTH AND COUNTY OF HALIFAX, 1971 - 1981 (in thousands of 1981 constant dollars)

MUNICIPALITY	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	INSTITUTIONAL & GOVERNMENT	TOTAL	(PERCENT)
City of Halifax	**445,017**	**329,330**	**20,431**	**158,737**	**953,515**	**(41.0)**
City of Dartmouth	232,948	228,377	35,753	43,922	541,000	(23.2)
County of Halifax*	662,554	85,263	23,339	63,901	835,508	(35.9)
Total	1,340,519	642,970	81,343	266,560	2,331,392	
(Percent)	(57.5)	(27.6)	(3.5)	(11.4)		

* Includes Town of Bedford

SOURCE: Statistics Canada

Figure 1: Value of Building Permits Issued by the City of Halifax, City of Dartmouth, and County of Halifax, 1971-1981 (1981 Constant Dollars)



Source: Statistics Canada

been sustained to date[4]. With interest rates falling in 1983 from the very high levels of 1982, there is further reason to anticipate a continued revival of construction activity.

THE STRUCTURE OF THE CITY OF HALIFAX ECONOMY, 1951 to 1981: CHANGING SPECIALIZATION OF FUNCTIONS

The modern development of the City of Halifax dates from the end of the Second World War, during which time the population and economy expanded greatly[5]. In subsequent years the City's economy has been substantially transformed . Halifax emerged from the war as a major centre of defence and trade[6]; but while these sectors continue to provide a major portion of the City's employment, their importance has declined significantly.

The conventional method of assessing specialization in a local economy is a measure known as a "location quotient". Location quotients can be computed for each economic sector in a municipality and are the ratio of the municipal share of national labour force in a particular economic sector to the municipal share of the total Canadian labour force.[7] If this ratio is greater than 1, then the

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4 City of Halifax building permits compiled by the Planning Department were valued at $72 million in 1982 versus $57 million in 1981 and $28 million in 1980 (all figures 1981 constant dollars).

5 Between 1941 and 1951 the population of the City of Halifax increased by 21.5 percent and employed labour force grew by 22.0 percent, Alasdair M. Sinclair, The Economic Base of the Halifax Metropolitan Area, Halifax: Institute of Public Affairs, 1961, p. 47.

6 Ibid., pp. 12-15.

7 I.e., Location quotient = (Xm/Xn) / (Tm/Tn) where Xm = municipal labour force economic sector X; Xn = national labour force in economic sector X; Tm = total municipal labour force; and Tn = total national labour force.

municipality is said to be specialized in that particular sector; if it is less than 1, then the nation is more specialized than the municipality[8].

For example, in 1981, 10,915 residents of Halifax were recorded as members of the labour force in "Public Administration and Defence" versus 886,600 in all of Canada. Thus Halifax had 2 percent of the nation's employment in this sector whereas it had only one half of a percent of all national employment. The location quotient, therefore, is 1.2 divided by 0.5 or roughly 2.4 (actually it is somewhat lower when the numbers are not rounded). This confirms the well-known fact that Public Administration and Defence (i.e, all levels of government and the military) is an important part of the City of Halifax economy.

This location quotient for Public Administration and Defence, however, also indicates a considerable decline in the importance of the sector. In 1951, when the Canadian Navy had yet to contract significantly from its wartime levels, the location quotient for Public Administration and Defence was 4.39; whereas, it has now been nearly halved to 2.34. Important changes that have taken place in this and other major economic sectors are summarized in Figure 2.

In addition to the substantial decline in Public Administration and Defence, which nevertheless remains the predominant economic sector, there has been a sustantial decline in the importance of Trade. In 1951, Trade, which includes wholesaling and retailing, was the second most important sector in the City; it declined rapidly by 1961, probably owing to the influence of suburbanization, to fifth among major industry groups, and as of 1981 is no longer a specialized sector for Halifax (i.e., its location quotient = 1). Other sectors

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8 Avrom Bendavid, Regional Economic Analysis for Practitioners, revised edition, New York: Praeger, 1974, pp. 83-95.

in which Halifax was specialized in 1951 have been relatively constant, with only Finance, Insurance, and Real Estate showing an overall gain in the past 30 years. The Construction and Manufacturing sectors, in which Halifax has traditionally not been specialized, have continued to decline, while the Primary Industries, which include Agriculture, Forestry, Fishing and Trapping, and Mining, have increased in importance, primarily because of gains in Mining and, oddly, Agriculture (See Appendix Tables IIA and IIB for data used in this anaylsis).

Halifax, in general appears to be becoming less specialized. This is not an entirely negative trend, however, as diversification of economic functions is associated with a maturing urban economy. Declining specialization in a local economy , if it results from expansion of previously unspecialized sections, indicates growing independence and is a buttress against economic fluctuations.[9] On the other hand, decreases in specialized sectors that are not a result of absolute increases in other previously less-specialized sectors are indicative of diminishing importance of the local economy to its region and nation. In Halifax, both factors have probably played a role.

DEVELOPMENT IN THE CITY OF HALIFAX: THE PATTERN OF NEW CONSTRUCTION, 1971 THROUGH 1981

The Municipal Development Plan of the City of Halifax recognizes three "Planning Areas" for the distribution of development: the Peninsula; Mainland South; and Mainland North. These areas are shown on Map 1 along with 45 sub-areas defined by the Planning Department for data collection purposes (These sub-areas represent primary neighbourhoods, commercial areas, industrial areas, and vacant lands of the City; and can be combined to create all of the City's Detailed Area Planning Areas as well as the three major areas). The sub-areas will be referred to later in this section; however, the report shall first be concerned with the major planning areas.

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9 Hans Blumenfeld, "The Economic Base of the Metropolis" in Journal of the American Institute of Planners, Vol. 21 no. 3, Fall, 1955, pp. 121-122.

Figure 2: Location Quotients for Major Industry Groups in the City of Halifax, 1951-1981

Major Industry Group	1951	1961	1971	1981
1. Primary Industries *	0.02	0.02	0.05	0.11
2. Manufacturing	0.41	0.41	0.36	0.31
3. Construction	0.96	0.51	0.67	0.52
4. Transportation, Communications and Other Utilities	1.40	1.18	1.20	1.15
5. Trade	1.47	1.09	1.09	1.00
6. Finance, Insurance, and Real Estate	1.30	1.23	1.28	1.39
7. Community, Business, and Personal Services	1.42	1.26	1.33	1.42
8. Public Administration and Defence	4.39	3.88	2.64	2.34

* Includes Agriculture, Forestry, Fishing and Trapping, and Mines and Quarries

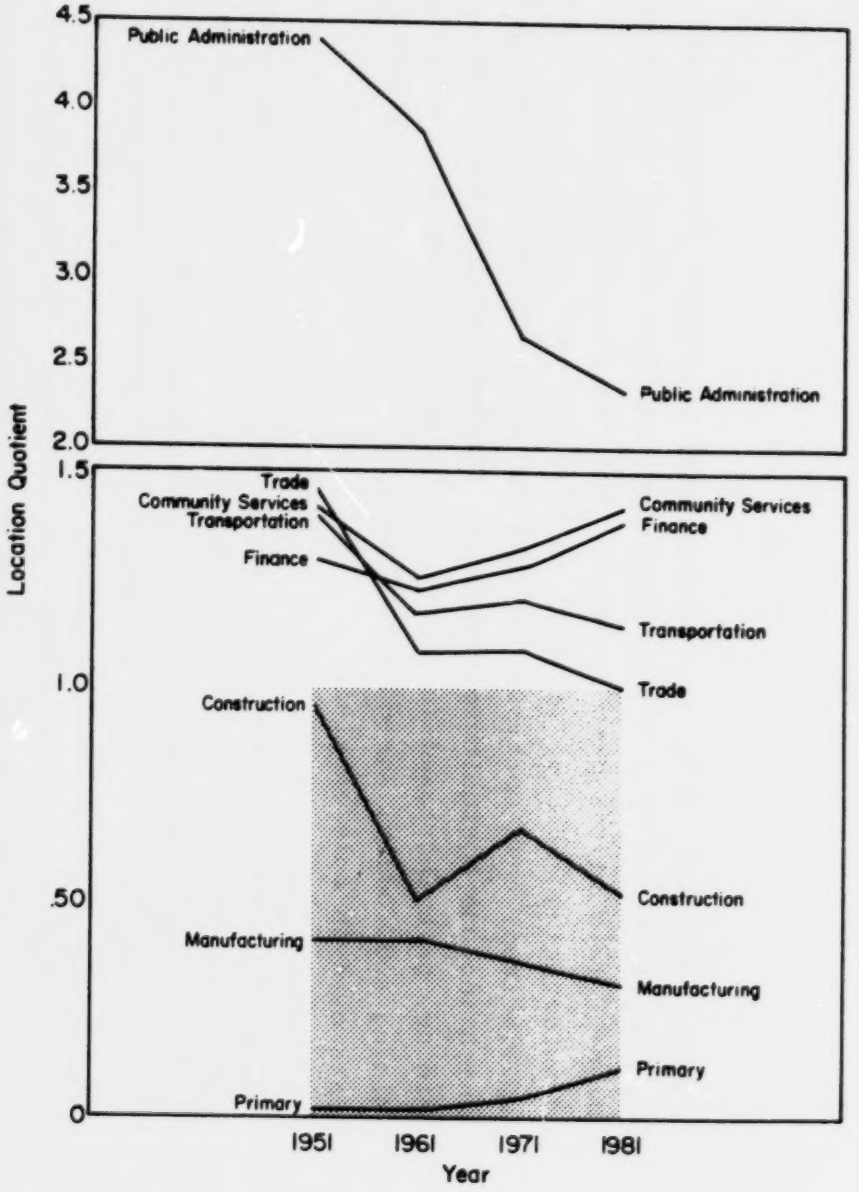

Figure 3 shows development trends in each of the planning areas from 1971 to 1981. The "Total City" area in this Figure corresponds roughly to the "City of Halifax" graph in Figure 1 above.[10] Overall development in the City during the seventies has been dominated by construction on the Halifax Peninsula. While Mainland North has generally exceeded Mainland South, neither area often had more than $20 million (in constant 1981 dollars) in building permits. Only in 1971, 1972, and 1977 did the combined totals of Mainland North and Mainland South exceed 40 percent of the City total (49, 47, and 43 percent for each year respectively). Over the course of the 1971 to 1981 period the Peninsula accounted for 72 percent of all construction in Halifax.

As Table 2 shows, the bulk of development in the two Mainland areas was residential. Mainland North and Mainland South accounted for 48 percent of the City's residential construction. Eighty-nine percent of all other construction, however, took place on the Peninsula.[11]

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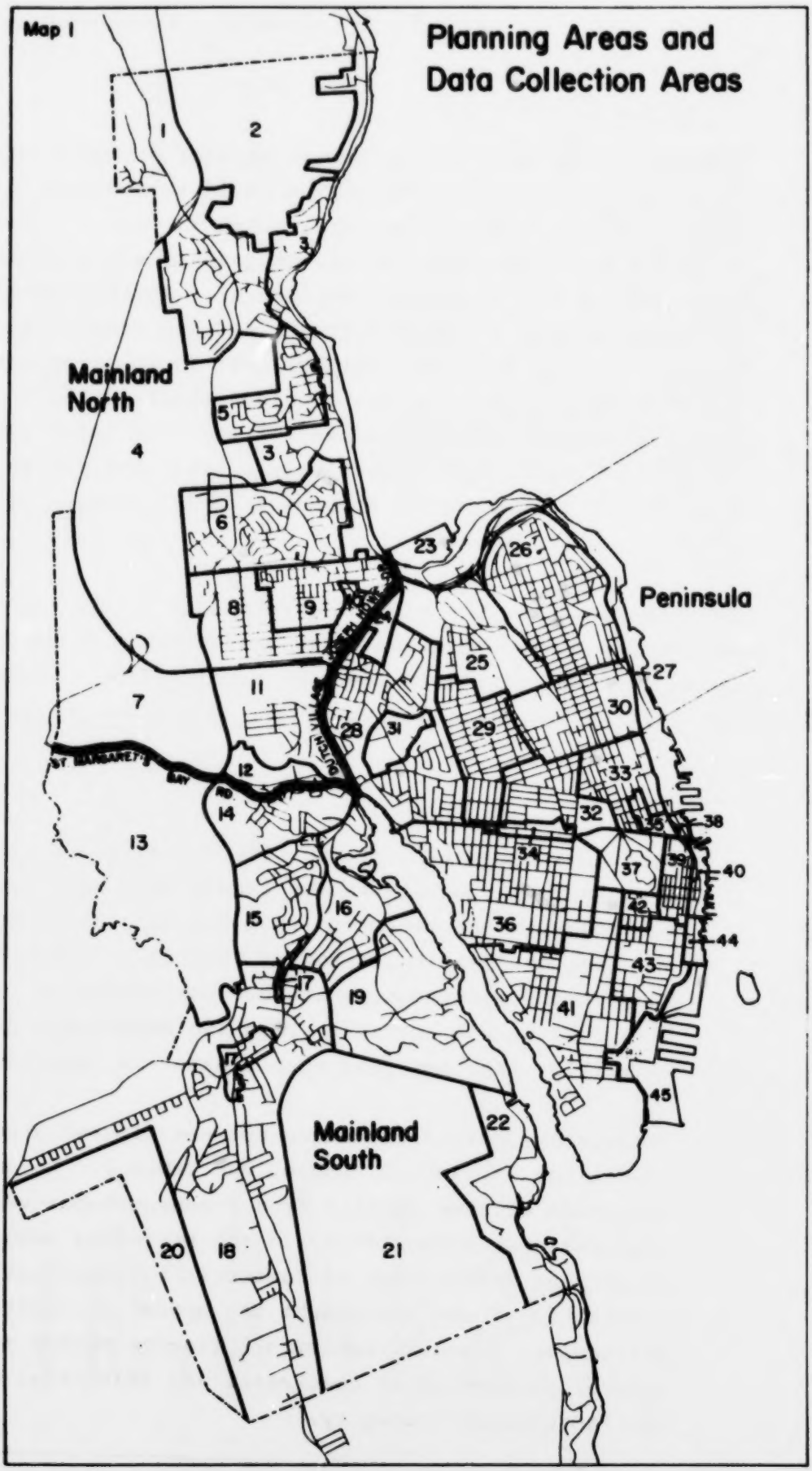
10 Permit data compiled by the City of Halifax Planning Department are equivalent to Statistics Canada data used in the preceding section with the exception that Planning Department figures do not include "permits valued at $25,000 or less" by the Building Inspection Department, which are not addressed in Building Permit Data Sheets. As a result, Planning Department figures are $1 to $5 million less per year than Statistics Canada values.

11 Readers may note differences between figures given for the City of Halifax in Table 1, above, and Table 2. In addition to the exclusion of some permits from Planning Department compilations, acknowledged in the preceding note, Planning Department definitions of commercial, industrial, and institutional and government use appear to differ. In particular, Planning Department figures appear to attribute a greater proportion of commercial and industrial development to the "government" category.


Map 1
Planning Areas and
Data Collection Areas
Mainland
North
Peninsula
Mainland
South
1
2
3
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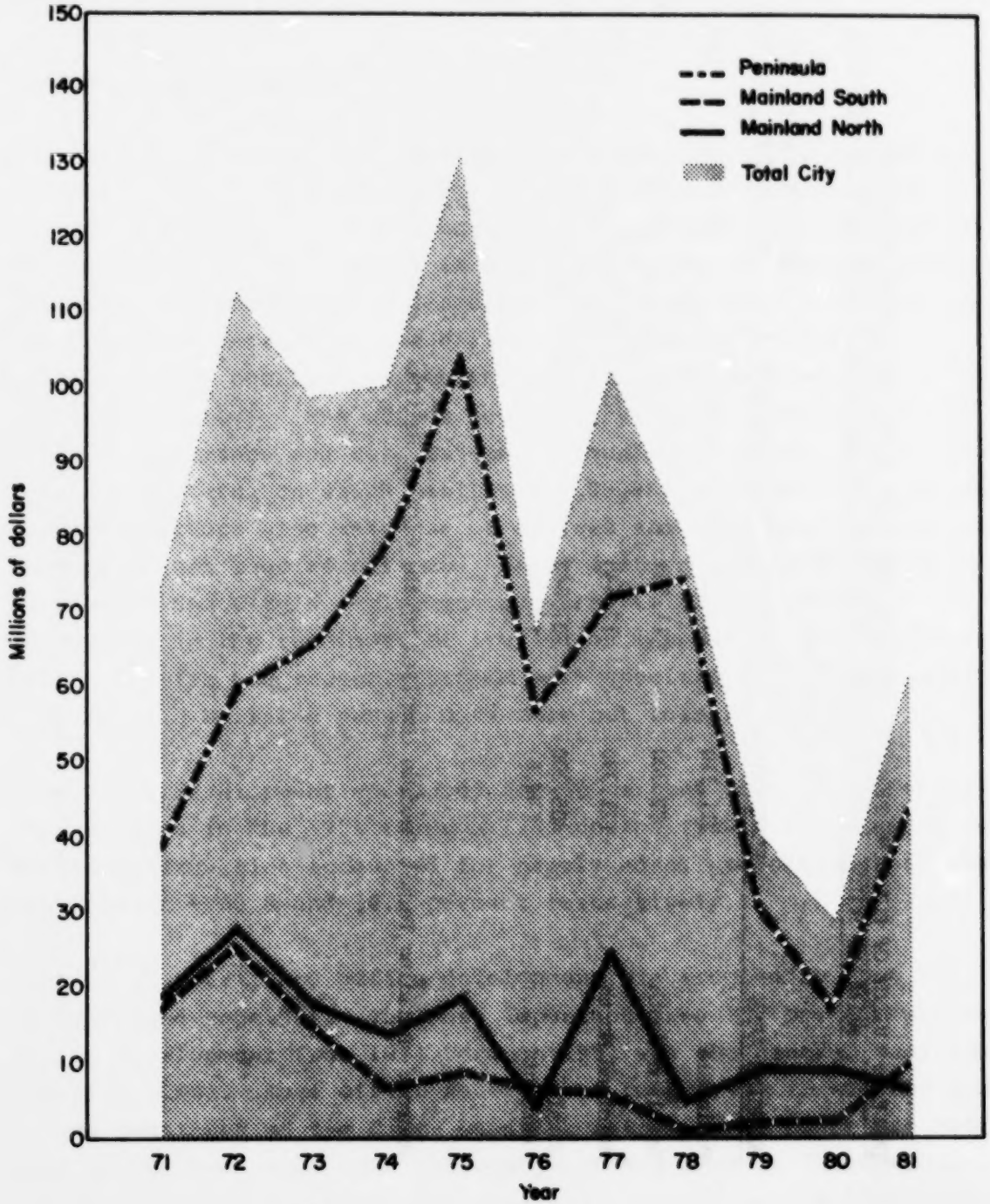
45

Figure 3: Value of Building Permits Issued by the City of Halifax in the Peninsula, Mainland South and Mainland North, 1971-1981 (1981 Constant Dollars)



Source: Building Permit Records compiled by the City of Halifax Planning Department

TABLE 2: VALUE OF BUILDING PERMITS ISSUED BY THE CITY OF HALIFAX IN THE PENINSULA, MAINLAND SOUTH, MAINLAND NORTH, 1971-1981 (in thousands of 1981 constant dollars)

PLANNING AREA	RESIDENTIAL	COMMERIAL	INDUSTRIAL	INSTITUTIONAL & GOVERNMENT	TOTAL	(PERCENT)
Peninsula	211,110	283,657	12,290	150,998	658,149	(72.4)
Mainland South	72,700	11,543	0	18,343	102,586	(11.3)
Mainland North	121,390	12,640	206	14,029	148,265	(16.3)
Total (Percent)	405,200 (44.6)	307,880 (33.9)	12,496 (1.4)	183,370 (20.2)	909,000	

Source: Building Permit Records compiled by the City of Halifax Planning Department.

In the following sections the distribution of development in the commercial, industrial, and institutional sectors recognized by the MDP is examined in still more detail.

COMMERCIAL DEVELOPMENT

The commercial sector is comprised of retail and office buildings. Retailing is regarded as a part of the Trade sector by Statistics Canada, in which our above discussion of location quotients indicated Halifax is becoming less specialized. According to Table IIB in the Appendix, the Trade sector accounted for 10,330 Haligonian workers in 1981, or 16.4 percent of the Halifax labour force as opposed to 17.5 percent of the combined Dartmouth, Bedford, and Halifax County labour force (Table IIC). The office sector very roughly corresponds to the Finance, Insurance and Real Estate, Community Business, and Personal Services sectors, in which Halifax had 29,985 workers, although other economic sectors also make use of offices and many functions in these sectors do not require offices. These sectors accounted for 47.6 percent of the City's employment compared to 32.8 percent of employment in the remainder of the region (Appendix, Tables IIB and IIC). Halifax has recently become more specialized in both sectors (Figure 2). Building permit data bear out this assertion.

Commercial development accounted for 61 percent of non-residential construction in the 1971 through 1981 period (Table 2). Retail and office construction accounted for nearly equal proportions of this development - 30.8 and 30.2 percent respectively.

Centres of retail and office development are frequently, but not always found together. The most important area for both retail and office development from 1971 through 1981 was the Central Business District (CBD). More office development took place in the CBD than in the remainder of the City; however, retail development has not been so concentrated. The Simpson's-Eaton's area at Chebucto Road and Mumford Road has developed nearly as rapidly as the CBD (Tables 3 and 4).

TABLE 3: RETAIL DEVELOPMENT IN THE CITY OF HALIFAX BY SUB-AREA, 1971-1981

Sub-Area*	Value of Permits Issued (1981 Constant Dollars)	Percent of Total
Leading Areas		
39. Central Business District	42,000,000	27.4
31. Simpson's-Eaton's	40,000,000	25.8
34. Quinpool Road	15,000,000	9.7
17. Herring Cove Road	10,000,000	6.4
25. Kempt Road	6,900,000	4.4
Other Commercial Areas		
24. Bayers Road	5,100,000	3.3
40. Waterfront Development Area	4,900,000	3.1
42. Spring Garden Road	4,800,000	3.1
3. Bedford Highway	860,000	0.5
35. Gottingen Street	850,000	0.5
10. Dutch Village Road	750,000	0.5
Other Areas	24,000,000	15.5
TOTAL	155,300,000	100.0

* See Map 1 for location of Sub-areas.

SOURCE: Building Permit Records compiled by the City of Halifax Planning Department.

TABLE 4: OFFICE DEVELOPMENT IN THE CITY OF HALIFAX BY SUB-AREA, 1971-1981

Sub-Area*	Value of Permits Issued (1981 Constant Dollars)	Percent of Total
Leading Areas		
39. Central Business District	86,000,000	56.4
46. Waterfront Development Area	9,300,000	6.1
10. Dutch Village Road	7,200,000	4.7
44. Waterfront Development Area South	6,800,000	4.4
30. North End	6,400,000	4.1
Other Commercial Areas		
25. Kempt Road	5,600,000	3.6
35. Gottingen Street	4,600,000	3.0
42. Spring Garden Road	3,000,000	2.0
34. Quinpool Road	1,300,000	0.9
4. Herring Cove Road	780,000	0.5
31. Simpson's-Eaton's	290,000	0.2
24. Bayers Road	250,000	0.2
3. Bedford Highway	230,000	0.2
Other Areas	20,800,000	13.6
TOTAL	152,540,000	100.0

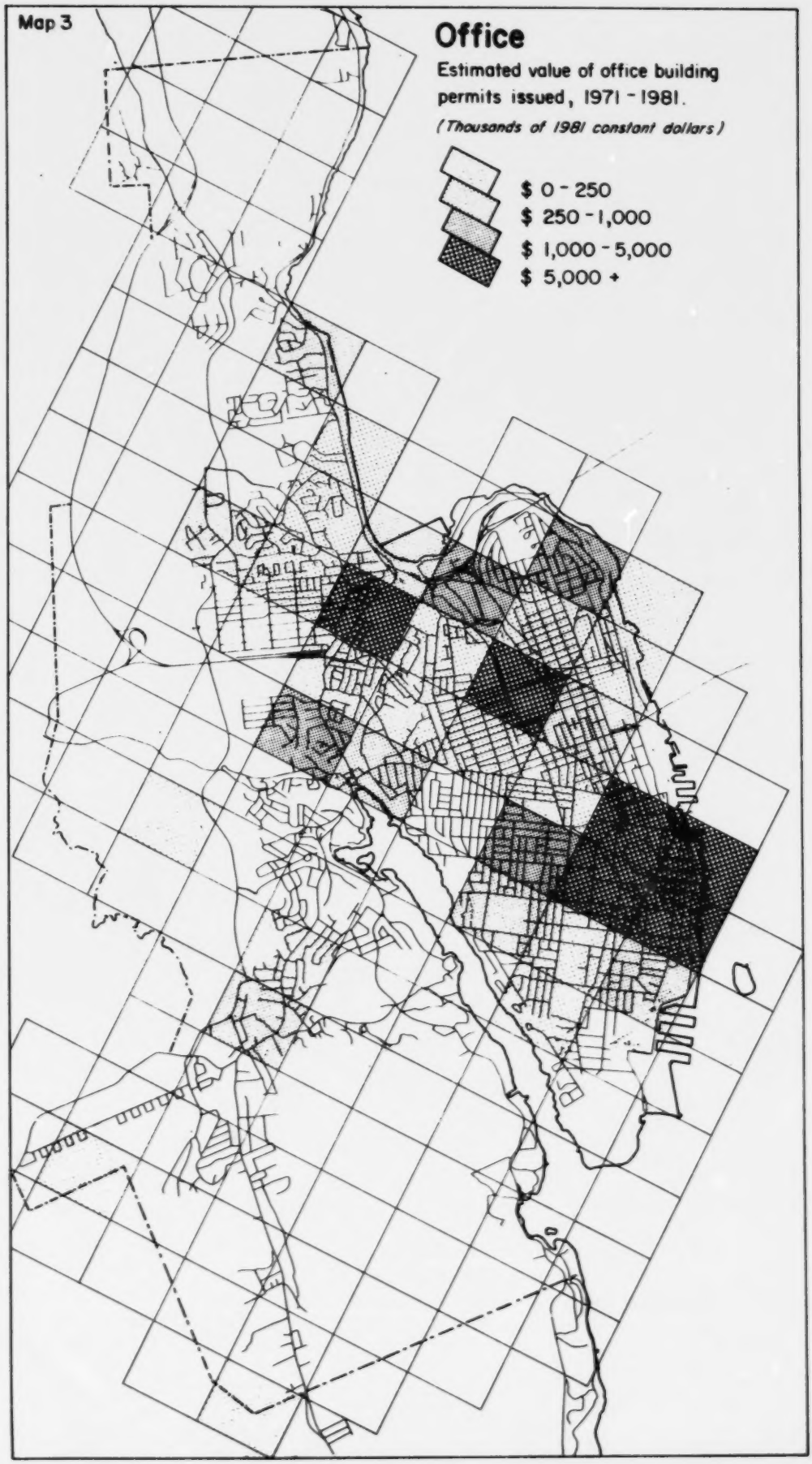
* See Map 1 for location of Sub-areas.

SOURCE: Building Permit Records compiled by the City of Halifax Planning Department.

The retail sector in the City of Halifax is generally focused in these two locations, which together accounted for 53.2 percent of retail development (Table 3). The CBD appears to serve primarily the large day-time population generated in the downtown area by offices. To varying degrees it supports a number of surrounding retail areas, including the Waterfront Development Area (HWDA), Spring Garden Road, Gottingen Street, and Quinpool Road. The Simpson's-Eaton's area, on the other hand, attracts a greater portion of weekend, suburban, and transit commuter shoppers, but also has tributary commercial areas in Kempt Road and Bayers Road.

The two major centres serve a region-wide market. The various adjacent commercial areas take advantage of traffic to these centres but tend to serve local neighbourhood markets as well, with the possible exception of Kempt Road, which specializes in heavy consumer goods. In addition, small retailing centres have continued to grow in the Mainland areas to provide for daily needs in suburban communities. The most significant development in this regard during the seventies was the construction of the Spryfield Town Centre in the Herring Cove Road Area. Continued future pressure for this type of development will depend on further residential development on the Mainland.

The overall distribution of retail development in the City of Halifax for the 1971 through 1981 period is shown on Map 2, which indicates the dollar value of development in a grid format. The rectangles of the grid are shaded darker the greater the quantity of development over the study period. It shows generally more development throughout the Peninsula, with particular concentrations in the northern half of the CBD, where Scotia Square, Barrington Place, and Historic Properties are located, in Quinpool Road, and in the Simpson's-Eatons area. The only rectangle with more than $5 million of retail development on the Mainland indicates the location of the Spryfield Town Centre.


Map 3
Office
Estimated value of office building permits issued, 1971 - 1981.
(Thousands of 1981 constant dollars)
$ 0 - 250
$ 250 - 1,000
$ 1,000 - 5,000
$ 5,000 +

The office sector has no notable secondary centre. Second to the CBD in terms of development since 1971 is the Waterfront Development Area, which is in fact regarded as part of the CBD in the Municipal Development Plan. The fourth leading area in terms of office construction is the Waterfront Development Area South, which is adjacent to the HWDA. These three areas account for more than two-thirds of recent office development (Table 4).

The distribution of remaining office construction was quite even. Only the Dutch Village Road area, which includes commercial portions of Joseph Howe Drive and the Young Street area of the North End stand out on the grid mapping of office development along with rectangles corresponding to the CBD (Map 3). There was virtually no significant office development on the Mainland.

Approximately two-thirds of development activity in the retail and office sectors was classed as "new" construction (Table 7 below). This indicates relative expansion in these categories rather than activity related to maintenance of existing stock (i.e., classes of work identified as "addition", "renovation", and "repair").

INDUSTRIAL DEVELOPMENT

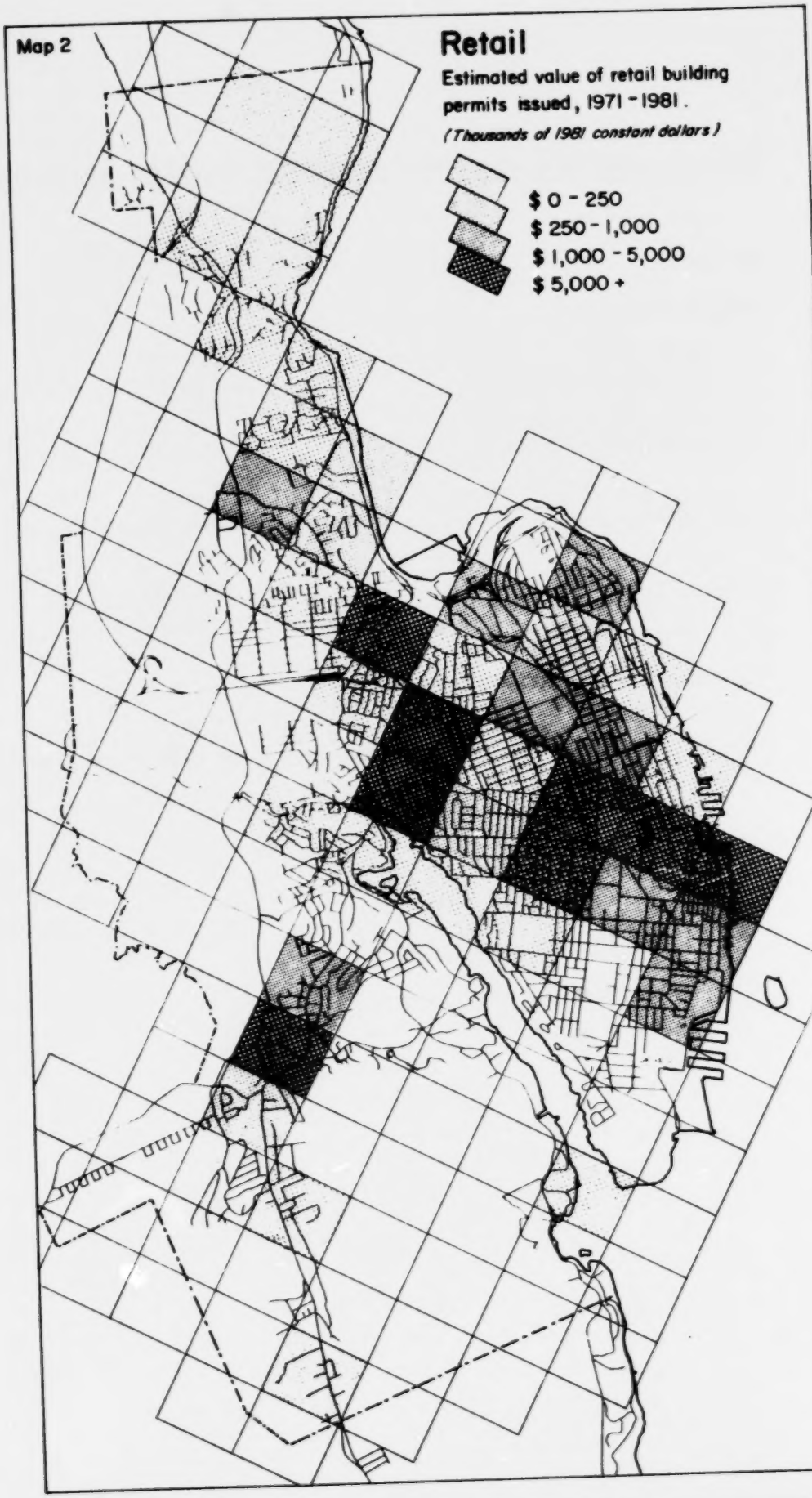
Industrial development in Halifax has been slow during the recent past. There are presently 3,625 manufacturing workers in Halifax or 5.7 percent of the City labour force. This compares to 9.0 percent of the labour force in other local municipalities. Similarly wholesaling and transportation, which are frequently concentrated in industrial areas account for a considerably smaller proportion of City employment than regional employment (Appendix, Table IIB and IIC). The analysis of location quotients above, showed that the specialization of Halifax in all of these sectors has been declining, although specialization in manufacturing has never been great (Figure 2).

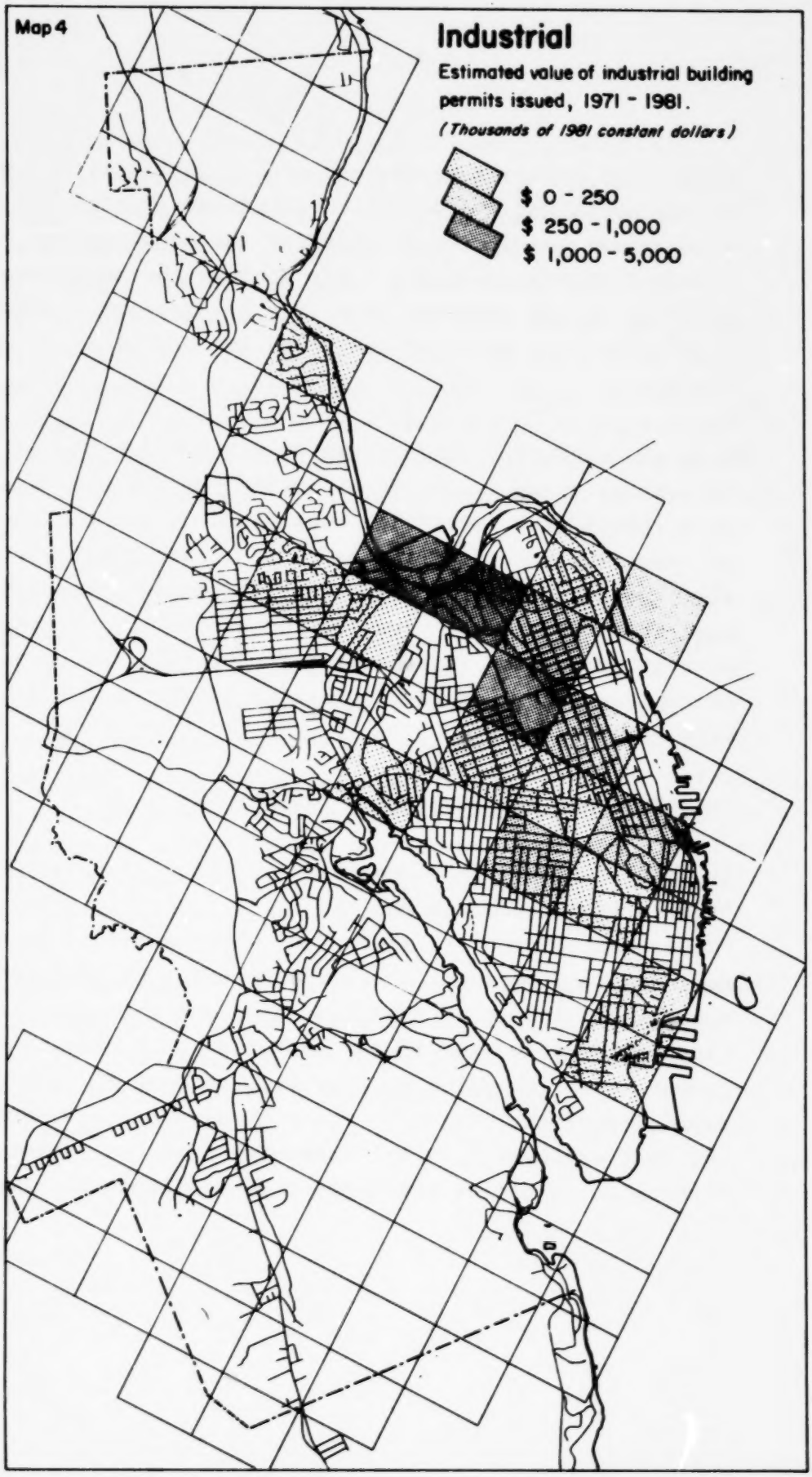
TABLE 5: INDUSTRIAL DEVELOPMENT IN THE CITY OF HALIFAX BY SUB-AREA, 1971-1981

Sub-Area*	Value of Permits Issued (1981 Constant Dollars)	Percent of Total
Leading Areas		
30. North End	5,200,000	41.3
23. Fairview Cove	2,300,000	18.3
25. Kempt Road	1,400,000	11.1
45. South Harbourfront	840,000	6.7
27. North Harbourfront	810,000	6.4
Other Areas	2,000,000	16.2
TOTAL	12,590,000	100.0

* See Map 1 for location of Sub-areas.

SOURCE: Building Permit Records compiled by the City of Halifax Planning Department.


Map 2
Retail
Estimated value of retail building permits issued, 1971 - 1981.
(Thousands of 1981 constant dollars)
$ 0 - 250
$ 250 - 1,000
$ 1,000 - 5,000
$ 5,000 +


Map 4
Industrial
Estimated value of industrial building permits issued, 1971 - 1981.
(Thousands of 1981 constant dollars)
$ 0 - 250
$ 250 - 1,000
$ 1,000 - 5,000

Industrial development has occurred almost entirely on the Peninsula in the North End and on the harbourfront (Table 5). The most substantial industrial project was the construction of the container terminal in Fairview Cove. Map 4 shows the major area of industrial activity in the corridor from this development through Kempt Road, and into industrial areas of the North End around Young and Isleville Streets.

With the exception of Fairview Cove these are long-standing industrial or semi-industrial areas. Of the use classes examined in this report, the industrial sector had by far the lowest proportion of construction classified as "new" (Table 7 below). While more than sixty percent of all non-residential construction was new, only 40.6 percent of industrial construction was in that class, and nearly half of that proportion is accounted for by Fairview Cove. The absence of suitable vacant land for industrial development within the City is the main reason for this.

INSTITUTIONAL AND GOVERNMENT DEVELOPMENT

The institutional and government category includes employment in "Public Administration and Defence", excepting those in the "Government Office" category, and major segments of the "Community, Business, and Personal Services" sector. Halifax has long specialized in Public Administration and Defence. In 1981, 19,648 City residents worked in the sector or 26.8 percent of the Halifax labour force, compared to only 11.3 percent of the labour force in the remainder of the region. The City also has a substantial share of regional employment in the Community Services sector, as noted in the discussion of office development above (Appendix, Tables IIB and IIC).

Although there is an evident overlap between institutional and government uses and office uses, there are distinct but diverse institutional and government areas. The major areas are Peninsula Centre and the western half of the South End, where Dalhousie University, St. Mary's University, and various major medical facilities are located. There has also been substantial development in this sector in the northern portion of the Peninsula (the North End, Old Northern Suburb and North Harbourfront) where the Department of National Defence is the major factor (Table 6). An important project in this area was the expansion of DND ship repair facilities, which accounted for most of the $13 million in permits issued for the North Harbourfront area.

Our classification of institutional facilities includes uses such as schools and parks, so it is not surprising to find that development of these uses is spread more evenly across the City than the categories of non-residential development previously discussed. Institutional and government development located on the Mainland in the 1971 through 1981 period was 17.6 percent of the sector total, which is considerably more than the proportions of commercial and industrial development occurring off the Peninsula (Table 2). The wide distribution of government and institutional development can be seen easily in the grid format of Map 5.

The proportion of Government and Institutional construction classed as "new" was 65.3 percent, which is similar to the commercial sector. The majority of the remainder was in "additions" (Table 7 below). As with commercial construction, this seems to indicate fairly healthy expansion in this category.

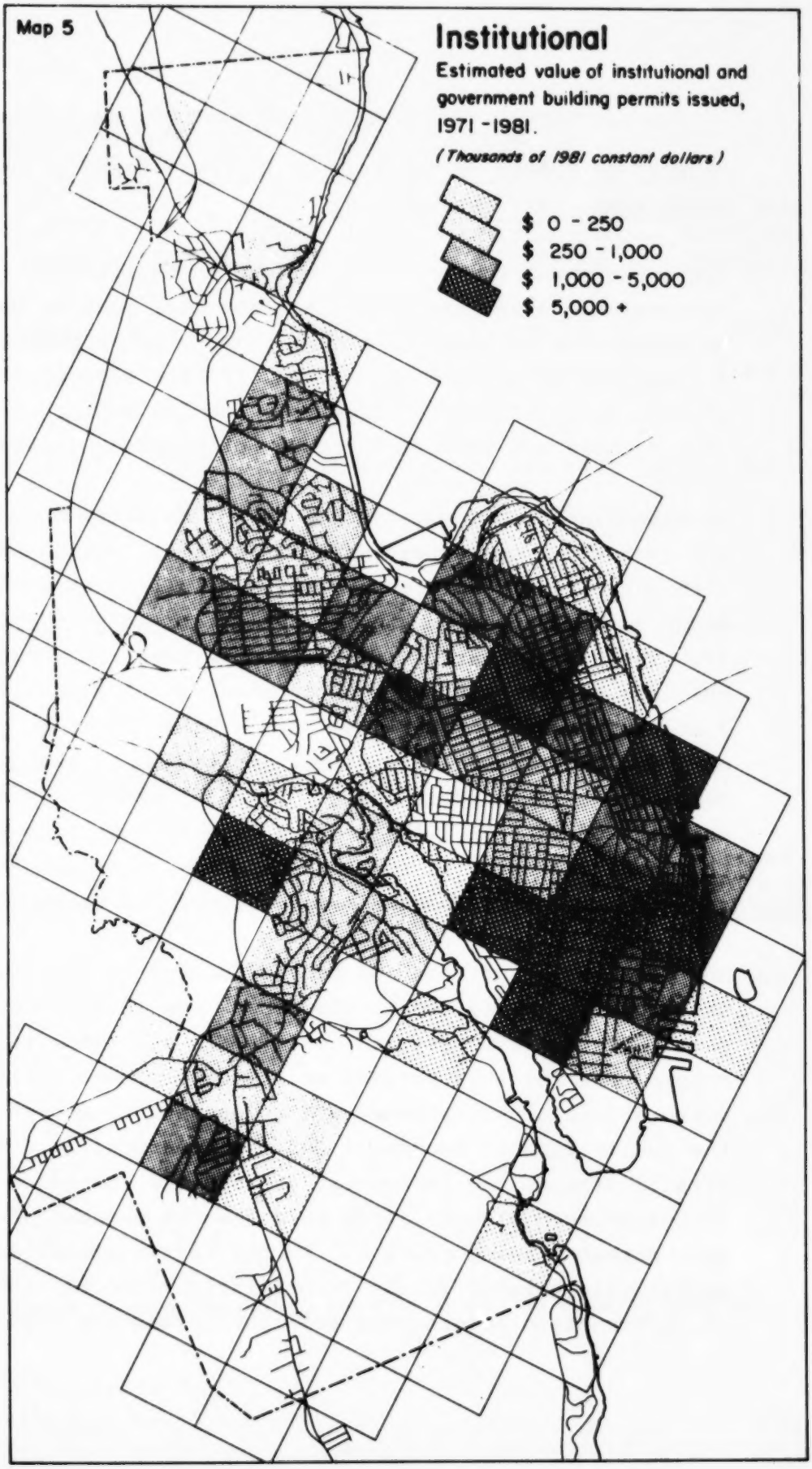
TABLE 6: INSTITUTIONAL AND GOVERNMENT DEVELOPMENT IN THE CITY OF HALIFAX BY SUB-AREA, 1971-1981

Sub-Area*	Value of Permits Issued (1981 Constant Dollars)	Percent of Total
Leading Areas		
36. Peninsula Centre	44,200,000	24.1
41. South End West	23,000,000	12.5
30. North End	19,600,000	10.7
27. North Harbourfront	13,000,000	7.1
33. Old Northern Suburb	8,300,000	4.5
39. Central Business District	6,800,000	3.7
3. Bedford Highway	6,800,000	3.7
Other Areas	61,670,000	33.6
TOTAL	183,370,000	100.0

* See Map 1 for location of Sub-areas.

SOURCE: Building Permit Records compiled by the City of Halifax Planning Department.

Map 5


Institutional
Estimated value of institutional and government building permits issued, 1971 - 1981.
(Thousands of 1981 constant dollars)
$ 0 - 250
$ 250 - 1,000
$ 1,000 - 5,000
$ 5,000 +

SOURCES OF GROWTH IN THE CITY OF HALIFAX: TYPES OF DEVELOPMENT AND DEVELOPERS, 1971 THROUGH 1981

The sources and forms of development in Halifax are many and varied but somewhat surprising. In an older city such as Halifax it would be reasonable to expect a higher proportion of permits to be issued for rehabilitation and renovation. In the provincial capital one might also anticipate a large role for the public sector. Data show both factors are important but do not play the leading role.

As noted in the preceding sections the majority of construction in all economic sectors, excepting industrial, was classed as "new", although slightly more than a third of all construction activity was required for expansion and improvement of existing buildings (Table 7). This is, in part, a result of the higher average value of building permits for new construction, which actually accounted for just 38.2 percent of permits. While other forms of development occur more frequently and are positive indication of economic growth, new development is the best indicator of the attraction to business of the City of Halifax. Its leading role in most sectors denotes continued expansion in the local economy, although the low proportion in industrial development is evidence of the weakness of that sector.

The role of the private and public sectors in the growth of Haliax is almost precisely two-thirds versus one-third according to building permit statistics. Private individuals and corporations were responsible for 65.9 percent of all development, while non-profit corporations, institutions, and government (a generous definiton of the public sector) accounted for the remaining 34.1 percent. In the retail, office, and industrial sectors the dominance of the private sector is even clearer, with more than 80 percent of development in each category being private. In the institutional and government sector this balance is not surprisingly reversed, with 85.8 percent of construction originating from public sources (Table 8).

TABLE 7: PERCENT OF CONSTRUCTION IN LAND USE CATEGORIES BY CLASS OF CONSTRUCTION IN THE CITY OF HALIFAX, 1971 - 1981

CLASS OF CONSTRUCTION	RETAIL	OFFICE	INDUSTRIAL	INSTITUTIONAL & GOVERNMENT	TOTAL NON-RESIDENTIAL CONSTRUCTION
1. New	61.2	69.3	40.6	65.3	63.1
2. Addition	19.7	9.4	41.1	18.8	16.4
3. Conversion	0.1	0.1	0.0	0.0	0.1
4. Renovation	14.6	11.1	15.6	12.7	14.6
5. Repair	1.5	1.3	1.8	1.5	1.6
6. Other	2.9	8.8	0.8	1.7	4.1

SOURCE: Building Permit Records Compiled by the City of Halifax Planning Department

TABLE 8: PERCENT OF CONSTRUCTION IN LAND USE CATEGORIES BY TYPE OF OWNERSHIP IN THE CITY OF HALIFAX, 1971 - 1981

OWNER	RETAIL	OFFICE	INDUSTRIAL	INSTITUTIONAL & GOVERNMENT	TOTAL NON-RESIDENTIAL CONSTRUCTION
1. Private Individual	3.7	1.7	1.0	1.1	2.1
2. Corporate	95.1	92.7	79.4	13.2	63.8
3. Non-Profit	0.6	0.0	0.0	3.3	1.4
4. Institution	0.2	2.7	0.0	40.3	15.0
5. Government	0.3	5.3	19.6	42.2	17.7
- Municipal	(0.1)	(3.6)	(0.0)	(11.6)	(5.4)
- Provincial	(0.2)	(0.5)	(0.1)	(11.7)	(4.5)
- Federal	(0.0)	(1.2)	(19.5)	(18.9)	(7.8)

SOURCE: Building Permit Records Compiled by the City of Halifax Planning Department

These figures indicate that while the public sector is certainly an important contributor to the Halifax economy it is by no means the only source of growth. Certainly, public sector and private sector developments are to some degree interdependent and government spending should stimulate private investment. The easing of current government restraint would naturally augment other sources of growth; however, the near future, like the recent past, is likely to be dominated by the private sector.

FUTURE DEVELOPMENT IN THE CITY OF HALIFAX: ISSUES AND OPPORTUNITIES

Trends in the major development categories can be easily summarized from the preceding discussion. In the recent past development has been strongest in the commercial, and institutional and government sectors but weak in the industrial category. Examination of employment data, however, suggests that institutional and government construction, though substantial, is tailing off from previous levels. The weakness of the industrial sector, on the other hand, is long-standing.

Even with this information, predicting the future course of development is an uncertain business. Halifax remains dominant within the region in the commercial, and institutional and government categories but the outward movement of population in the region may affect its pre-eminence. The creation of new population centres within the region provides nodes around which non-residential development will coalesce. There is evidence of this occurring already.

From the earliest days of the suburbanization process it has been recognized that the relocation of residential areas is attended by relocation of other land uses.[12] The first land uses to follow population are typically retailing and personal services. Retailing

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12 Alan M. Vorhees, "Urban Growth Characteristics", in Robert G. Putnam, et al. (eds.), A Geography of Urban Places, Toronto: Methuen, 1970, pp. 81-86.

is a major part of the "Trade" sector in the Statistics Canada classification system and, as the mix-and-share analysis in the Regional Context report indicated, this sector showed the most marked intra-regional shift of all employment categories in the 1971 to 1981 period.[13] The decentralization of retail trade, which is manifest in the construction of suburban shopping malls, can be expected to be followed by similar consumer-oriented government and institutional uses (for example, post offices and medical centres), and eventually by the full range of urban economic activities, including industrial and office uses.[14]

This will obviously erode the dominance of the City of Halifax within the region but is to be expected as the regional economy matures. It also implies more competition for new development and consequent uncertainty. Not only must we predict how much development will occur in the regional economy but also how much of a share Halifax will obtain.

At this point, this is a matter of speculation. Undoubtedly, suburbanization of retailing will continue to some degree and this will diminish the importance of the City's retail sector. Halifax, however, has suburban areas within its boundaries that are relatively underserved by local stores and where new retail development may be a strong possibility. Halifax maintains a wide lead in the office sector, but could be challenged by downtown Dartmouth, where substantial improvements have been recently undertaken. Conversely, the recent annexation of vacant lands provides Halifax with the oportunity to compete for industrial development that it has largely been excluded from in the recent past. Finally, the current era of government restraint could end abruptly under the influence of a variety of political and economic shifts, bringing about a rise in government and institutional development in all local municipalities but particularly in Halifax because it is the provincial capital.

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13 City of Halifax Planning Department, The Regional Context of the City of Halifax Economy, p. 20.

14 Alan M. Vorhees, op cit., pp. 83-85.

Our general conclusions do not differ greatly from the judgements of the Regional Context report. Halifax has a sound economic structure focused on the sectors that are strongest regionally and nationally (i.e., the service sector). The City is also well-positioned to take advantage of newly developing industries in fields such as off-shore oil and gas, computing, electronics, and bio-industries because of its regional importance and this strong economic structure. Halifax is a centre of government and higher education, and remains a major port, all factors that should favour it as a location for new business.

In an era of competition, however, the success of any municipality in maintaining its existing economic base and attracting new economic development will probably depend on the manner in which it pursues available opportunities. From the planning point-of-view, an important facet of economic promotion is the provision of land for commercial, industrial, and institutional development. This must, however, be done in a considered manner as this land can easily be over-supplied. The policy of the Municipal Development Plan to limit major office development to the CBD, has by no means driven this type of construction from the City. On the contrary, it has created an area of concentrated development that draws additional offices as well as supporting a healthy retail sector.

In our view, the substantial upgrading of so much of the City during the past twenty years has had much to do with creating a favourable impression of Halifax as a place to live and work. The upgrading of the CBD, in particular stands out, but so do the stabilization and rehabilitation of inner city neighbourhoods, the construction of new high quality communities on the Mainland, and the success of commercial development in the vicinity of the Armdale rotary. The current redevelopment of the City Waterfront will augment these improvements in an especially visible area. Each of these past accomplishments is in some measure a result of careful planning by either the private or the public sector.

These assets are a strong base on which to build. Future planning should recognize such advantages but must also be directed to new opportunities. Potential sources of growth are varied and the perception of the means to attract growth should be broad. Maximization of future economic development will best be achieved by a comprehensive approach that recognizes the importance of maintaining balanced urban growth encompassing both residential and non-residential development to provide homes, jobs, and the fiscal resources necessary for municipal government.

APPENDIX

TABLE I: INDEXES OF CONSTRUCTION COSTS FOR ATLANTIC CANADA, 1971 - 1981

	Residential		Non-Residential	
	1971 Dollars	1981 Dollars	1971 Dollars	1981 Dollars
1971	100.0	263.5	100.0	274.2
1972	111.6*	236.1*	110.1*	249.0*
1973	122.3	207.0	121.2	226.2
1974	143.9	183.0	143.6	190.9
1975	151.3	174.2	158.2	173.3
1976	169.0	155.9	175.0	156.7
1977	185.4	142.1	190.0	144.3
1978	199.9	131.8	203.7	134.6
1979	220.7	119.4	227.9	120.3
1980	237.0	111.1	246.9	111.2
1981	263.5	100.0	274.2	100.0

* Interpolated values.

SOURCE: Statistics Canada

TABLE IIA: LABOUR FORCE BY MAJOR INDUSTRY GROUP IN CANADA, 1951-1981

Major Industry Group	1951	1961	1971	1981
Primary Industries	1,111,289	907,331	720,045	828,925
Manufacturing	1,360,662	1,404,865	1,707,330	2,219,375
Construction	350,896	431,093	538,225	752,370
Transportation, Communications, and Other Utilities	402,767	603,286	671,065	935,575
Trade	709,768	991,490	1,269,290	1,957,575
Finance, Insurance, and Real Estate	143,995	228,905	358,060	621,120
Community, Business, and Personal Service Industries	773,191	1,263,362	2,041,390	3,399,435
Public Administration and Defence	304,274	482,925	639,585	886,600
Unspecified & Undefined	67,557	158,953	681,945	404,335
TOTAL	5,224,399	6,471,850	8,626,925	12,005,320

SOURCE: Census of Canada

TABLE IIB: LABOUR FORCE BY MAJOR INDUSTRY GROUP IN THE CITY OF HALIFAX 1951-1981

Major Industry Group	1951	1961	1971	1981
Primary Industries	147	135	230	475
Manufacturing	3,927	3,699	4,010	3,625
Construction	2,392	1,420	2,370	2,070
Transportation, Communications, and Other Utilities	4,012	4,606	5,245	5,650
Trade	7,403	7,023	9,050	10,330
Finance, Insurance, and Real Estate	1,335	1,815	2,990	4,545
Community, Business, and Personal Service Industries	7,811	10,268	17,690	25,440
Public Administration and Defence	9,508	12,087	11,020	16,915
Unspecified & Undefined	451	674	3,755	-
TOTAL	37,620	41,727	56,365	63,050

SOURCE: Census of Canada

TABLE IIC: LABOUR FORCE BY MAJOR INDUSTRY GROUP IN HALIFAX COUNTY* 1981

Major Industry Group	Halifax County	Halifax County excluding City of Halifax
Primary Industries	2,625	2,150
Manufacturing	11,180	7,555
Construction	7,705	5,635
Transportation, Communications, and Other Utilities	12,685	7,035
Trade	25,130	14,800
Finance, Insurance, and Real Estate	9,515	4,970
Community, Business, and Personal Service Industries	48,135	22,695
Public Administration and Defence	26,455	9,540
Unspecified & Undefined	3,975	3,975
TOTAL	147,400	84,350

* Includes City of Halifax, City of Dartmouth, Town of Bedford, and the Municipality of the County of Halifax.

SOURCE: Census of Canada

POOR

QUALITY

ORIGINAL